ESTIMATING YOUR ANNUAL GAS BILL

Remember: This calculation assumes that you use 120 Mcf annually. Your actual cost will vary depending on your actual usage.

Additionally, it is important that you recognize that this calculation does not include the impact of any taxes or fees that are added to your bill. These taxes and fees may vary depending on where you live and should be reflected on your most recent bill from Columbia.

Columbia Gas of Kentucky Bill

This calculation should provide you with the current annual costs of continuing to purchase your gas supply from Columbia Gas based on Columbia's GCR (Gas Cost Recovery) rate of $7.6706 per Mcf (sample rate). The calculation assumes a typical residential consumer uses 120 Mcf annually.

A*	Gas Cost (Current GCR rate)	$7.6706 per Mcf	x	120 Mcf	=	$ 920.47
B*	Minimum Monthly Charge (0 – 1 Mcf)	$8.10	x	12 months	=	$ 97.20
C*	Gas Delivery Charge (on each Mcf over 1 per month)	$2.10 per Mcf	x	120 – 12	=	$ 226.80
	Estimated Total Annual Cost			(A + B + C)	=	$1,244.47*

A. Gas Costs represents the cost to the company for purchasing gas in the marketplace and having that gas delivered to Columbia Gas of Kentucky's system. The rate used is for instructional purposes only and may not reflect the actual GCR rate in effect at any point in time.

B. and C. Minimum Monthly Charge and the Gas Delivery Charge are charged by and paid to Columbia Gas of Kentucky for recovery of the costs (pipes in the ground, meter reading, maintenance and so on) for delivering the gas to your home or business.

Supplier "A"

Suppose Supplier "A" guarantees that it will beat Columbia Gas's GCR rate by 10%. In effect this means that you will pay only 90% of the gas cost charged by Columbia Gas. Again we are assuming usage at 120 Mcf annually. Notice that the only calculation impacted by this is the Gas Cost component.

A	Gas Cost (90% of Current GCR rate)	$7.6706 x 0.90 = $6.90354/Mcf*	x	120 Mcf	=	$ 828.43
B	Minimum Monthly Charge (0 - 1 - Mcf)	$8.10	x	12 months	=	$ 97.20
C	Gas Delivery Charge (on each Mcf over 1 per month)	$2.10 per Mcf	x	120 –12	=	$ 226.80
	Estimated Total Annual Cost			(A + B + C)	=	$1,152.43**

* This rate is subject to change as Columbia Gas of Kentucky files to changes its GCR rate.

** Exclusive of taxes, fees and any applicable surcharges.

Supplier "B"

Suppose Supplier B offers you a fixed rate of $7.50 per Mcf. Again we are assuming usage at 120 Mcf annually. Notice again that the only calculation impacted by this is the Gas Cost component.

A	Gas Cost	$7.50 per Mcf	x	120 Mcf	=	$ 900.00
B	Minimum Monthly Charge (0 - 1 - Mcf)	$8.10	x	12 months	=	$ 97.20
C	Gas Delivery Charge (on each Mcf over 1 per month)	$2.10 per Mcf	x	120 –12	=	$ 226.80
	Estimated Total Annual Cost			(A + B + C)	=	$1,224.00*

* Exclusive of taxes, fees and any applicable surcharges.

Supplier "C"

Suppose Supplier C offers to sell you gas under terms that vary monthly depending on a national benchmark such as a NYMEX closing price. In that situation you would need to analyze that benchmark to determine how often that price beat the other suppliers' offers. There could be times when the benchmarked rate beats the rates offered by other suppliers and other times during the term of the contract that the benchmarked rate is higher than that offered by other marketers. Due to the volatility of the market and the fact that the gas costs can vary monthly in this type of offering, we have not attempted to calculate an estimated bill for you.

Self – Calculation Form

A	Gas Cost	$_.___/Mcf	x	120 Mcf	=	$____.___
B	Minimum Monthly Charge (0 - 1 - MCF)	$8.10	x	12 months	=	$ 97.20
C	Gas Delivery Charge (on each Mcf over 1 per month)	$2.10 per Mcf	x	120 –12	=	$ 226.80
	Estimated Total Annual Cost			(A + B+ C)	=	$_____.__*

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